

HYRUM CITY, UTAH

SUPPLEMENTAL RESOLUTION

**AUTHORIZING THE ISSUANCE AND SALE OF \$1,536,000
WATER REVENUE BONDS, SERIES 2010A**

ADOPTED OCTOBER 7, 2010

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RESOLUTION 10-17

SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE AND CONFIRMING THE SALE OF \$1,536,000 WATER REVENUE BONDS, SERIES 2010A OF HYRUM CITY, UTAH; AND RELATED MATTERS.

*** *** ***

WHEREAS, on October 7, 2010, the City Council (the “*Council*”) of Hyrum City, Utah (the “*Issuer*”), adopted a resolution entitled “Master Resolution Providing for the Issuance of Water Revenue Bonds” (the “*Master Resolution*”); and

WHEREAS, the Council deems it advisable and in the interests of the Issuer to provide for the issuance and sale by the Issuer of \$1,536,000 Water Revenue Bonds, Series 2010A (the “*Series 2010A Bonds*”) in order to obtain funds to finance a portion of the costs of the Series 2010A Project (defined below);

NOW, THEREFORE, Be It Resolved by the City Council of Hyrum City, Utah, as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions.

(a) Except as provided in subparagraph (b) of this Section, all defined terms contained in the Resolution when used in this Series 2010A Supplemental Resolution shall have the same meanings as set forth in the Master Resolution.

(b) As used in this Series 2010A Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following meanings:

“*Bond Counsel*” means Chapman and Cutler LLP, or other counsel of nationally recognized standing in matters pertaining to the issuance of obligations by states and their political subdivisions and the tax-exempt status thereof, duly admitted to the practice of law before the highest court of any state of the United States.

“*Bond Purchase Agreement*” means that certain Bond Purchase Agreement dated October 7, 2010 between the Issuer and the Purchaser, pursuant to which the Series 2010A Bonds are to be sold by the Issuer to the Purchaser.

“*Issue Date*” means the date of issuance and delivery of the Series 2010A Bonds, as provided in Section 203 hereof.

“*Purchaser*” means U.S. Bank, as purchaser of the Series 2010A Bonds.

“*Record Date*” means, with respect to any interest payment date for the Series 2010A Bonds, the first day of the calendar month preceding such interest payment date or, if such day is not a Business Day, the Business Day immediately preceding such day.

“*Resolution*” means the Master Resolution Providing for the Issuance of Water Revenue Bonds, adopted by the Council on October 7, 2010, as from time to time amended or supplemented by Supplemental Resolutions, including this Series 2010A Supplemental Resolution.

“*Series 2010A Bonds*” means the \$1,536,000 Water Revenue Bonds, Series 2010A of the Issuer authorized by this Series 2010A Supplemental Resolution.

“*Series 2010A Debt Service Subaccount*” means the Series Subaccount established in the Debt Service Account in the Bond Fund pursuant to Section 5.02 of the Resolution and Section 302 hereof.

“*Series 2010A Project*” means the acquisition and construction of a water tank and related facilities.

“*Series 2010A Project Account*” means the Series 2010A Project Account established in the Construction Fund pursuant to Section 5.03 of the Resolution and Section 301 hereof.

“*Series 2010A Supplemental Resolution*” means this Supplemental Resolution of the Issuer.

“*Tax Certificate*” means any agreement or certificate of the Issuer that it may execute in order to assure the tax-exempt status of the Series 2010A Bonds.

“*Trustee*” means Zions First National Bank, of Salt Lake City, Utah, and its successors and permitted assigns under the Resolution.

The terms “*hereby*”, “*hereof*”, “*hereto*”, “*herein*”, “*hereunder*”, and any similar terms as used in this Series 2010A Supplemental Resolution, refer to this Series 2010A Supplemental Resolution.

Section 102. Authority for Series 2010A Supplemental Resolution. This Series 2010A Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2010A BONDS

Section 201. Authorization of Series 2010A Bonds, Principal Amount, Designation and Series. A Series of Water Revenue Bonds is hereby authorized to be issued for the purpose specified in Section 202 in the aggregate principal amount of \$1,536,000 in accordance with and subject to the terms, conditions and limitations established in the Master Resolution and this Series 2010A Supplemental Resolution. Such Series of Bonds shall be designated "Water Revenue Bonds, Series 2010A."

Section 202. Findings and Purpose. The Issuer hereby finds, determines and declares that:

(1) The requirements of Sections 2.02 and 2.03 of the Master Resolution will have been complied with upon the delivery of the Series 2010A Bonds.

(2) The Series 2010A Bonds are being issued for the purpose of paying a portion of the Cost of Construction of the Series 2010A Project and paying costs of issuance of the Series 2010A Bonds.

(3) The Series 2010A Bonds are being issued in an amount, together with other funds devoted to the purpose, sufficient to acquire, construct and complete the Series 2010A Project.

(4) The acquisition and construction of the Series 2010A Project is hereby approved, ratified and confirmed.

Section 203. Issue Date. The Issue Date of Series 2010A Bonds shall be the date of issuance and delivery thereof.

Section 204. Series 2010A Bonds. The Series 2010A Bonds shall bear interest from the Issue Date, payable semiannually on June 15 and December 15 in each year, commencing June 15, 2011, at the rate of ___% per annum.

Section 205. Denominations and Numbers. The Series 2010A Bonds shall be issued only in fully-registered form, without coupons, in the denomination of \$100,000 or any integral multiple thereof. The Series 2010A Bonds shall be numbered from one (1) consecutively upwards in order of authentication and delivery by the Trustee.

Section 206. Paying Agent. Zions First National Bank, of Salt Lake City, Utah, is hereby appointed the Paying Agent for the Series 2010A Bonds, subject to the Paying Agent executing and delivering an acceptance to the Issuer and the Trustee as contemplated in Section 7.02 of the Resolution. Principal and Redemption Price of the Series 2010A Bonds shall be payable at the principal corporate trust office of the Paying Agent or of any successor as Paying Agent in any coin or currency which on the date of payment is legal tender for the payment of

debts due the United States of America. Payment of interest on any Series 2010A Bonds shall be (i) made to the registered owner thereof and shall be paid by check or draft mailed to the registered owner thereof as of the close of business on the Record Date at his address as it appears on the registration books of the Issuer maintained by the Trustee or at such other address as is furnished to the Trustee in writing by such registered owner or (ii) made by wire transfer to the registered owner upon written notice by such owner to the Trustee given not less than 15 days prior to such interest payment date, subject to the provisions of Section 3.01 of the Resolution.

Section 207. Redemption. (a) The Series 2010A Bonds are not subject to optional redemption prior to maturity without the Purchaser's written consent.

(b) The Series 2010A Bonds shall be subject to redemption in part by operation of Sinking Fund Installments, at a Redemption Price equal to the principal amount of the Series 2010A Bonds or portion thereof to be redeemed, together with accrued interest to the date of redemption. The amounts and due dates of the Sinking Fund Installments for the Series 2010A Bonds are set forth in the following table:

JUNE 15 OF THE YEAR	AMOUNT
2011	\$97,000
2012	81,000
2013	84,000
2014	87,000
2015	90,000
2016	93,000
2017	97,000
2018	100,000
2019	104,000
2020	107,000
2021	111,000
2022	115,000
2023	119,000
2024	123,000
2025*	128,000

* Stated maturity.

Unless requested by the Purchaser in writing, notice of redemption shall not be required to be provided to the Purchaser in connection any such redemption.

Section 208. Sale of Series 2010A Bonds. The Series 2010A Bonds are authorized to be sold to the Purchaser at an aggregate price of \$1,535,000 (being the par amount of the Series 2010A Bonds, less a purchaser's discount of \$1,000) on the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations therein set forth. To

evidence the acceptance by the Issuer of the Bond Purchase Agreement, the Mayor is hereby authorized and directed to execute and deliver, and the City Recorder of the Issuer to affix the seal of the Issuer and to countersign and attest, the Bond Purchase Agreement in the form attached hereto as *Exhibit A*. The Council hereby ratifies, confirms, and approves all actions heretofore taken on behalf of the Issuer by the Mayor, the City Recorder, City Administrator and other officials of the Issuer in connection with the sale of the Series 2010A Bonds.

Section 209. Execution and Delivery of Series 2010A Bonds. (a) The Series 2010A Bonds shall be executed on behalf of the Issuer by the Mayor by his manual or facsimile signature, and attested by the City Recorder by her manual or facsimile signature, with the seal of the Issuer impressed thereon or with a facsimile of the seal of the Issuer imprinted thereon.

(b) The Series 2010A Bonds shall be delivered to the Trustee, upon compliance with the provisions of Sections 2.02, 2.03 and 3.02 of the Resolution, at such time and place as provided in, and subject to, the provisions of the Bond Purchase Agreement.

Section 210. Further Authority. The Mayor, the City Administrator, the City Recorder and other officers of the Issuer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale and delivery of the Series 2010A Bonds, including without limitation, any Tax Exemption Certificate prepared by Bond Counsel and an information return with the Internal Revenue Service in accordance with the requirements of Section 149(e) of the Code.

Section 211. Initial Registration of Series 2010A Bonds. Upon initial issuance, the ownership of each such Series 2010A Bond shall be registered in the registration books of the Issuer kept by the Trustee in the name of the Purchaser.

ARTICLE III

APPLICATION OF SERIES 2010A BOND PROCEEDS AND ESTABLISHMENT OF SUBACCOUNTS

Section 301. Establishment of Series 2010A Project Account. There is hereby established a Project Account in the Construction Fund designated as the “Series 2010A Project Account,” moneys in which shall be used for the purposes and as authorized by Section 5.03 of the Resolution.

Section 302. Establishment of Series 2010A Debt Service Subaccount. Pursuant to the provisions of Sections 5.02 and 5.06 of the Resolution, there is hereby established in the Debt Service Account in the Bond Fund a separate Series Subaccount for the Series 2010A Bonds designated as the “Series 2010A Debt Service Subaccount.”

Section 303. Application of Bond Proceeds. The proceeds of the Series 2010A Bonds shall be paid to the Trustee for deposit into the Series 2010A Project Account in the Construction Fund.

ARTICLE IV

FORM OF SERIES 2010A BONDS

Section 401. Form of Series 2010A Bonds. Subject to the provisions of the Master Resolution, each Series 2010A Bond shall be, respectively, in substantially the following form, with such insertions or variations as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required or permitted by the Master Resolution:

REGISTERED

REGISTERED

[FORM OF SERIES 2010A BOND]

No. R-_____

\$_____

UNITED STATES OF AMERICA

STATE OF UTAH

**HYRUM CITY, UTAH
WATER REVENUE BONDS, SERIES 2010A**

INTEREST RATE

MATURITY DATE

ISSUE DATE

_____%

June 15, 2025

October 22, 2010

Registered Owner:

Principal Amount: -----DOLLARS-----

KNOW ALL MEN BY THESE PRESENTS that Hyrum City, Utah (the “*Issuer*”), a municipal corporation and political subdivision of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender hereof, the principal amount identified above, and to pay to the registered owner hereof interest on the balance of said principal amount from time to time remaining unpaid from the issue date specified above (the “*Issue Date*”), or unless, as shown by the records of Zions First National Bank, of Salt Lake City, Utah, as Trustee (as hereinafter defined), interest on the hereinafter referred to Bonds shall be in default, in which event this Bond shall bear interest from the date to which interest has been paid in full, or unless no interest has been paid on this Bond, in which event it shall bear interest from its Issue Date, at the interest rate per annum determined as hereinafter provided, payable on each interest payment date until payment in full of such principal, and to pay interest on overdue principal of this Bond at the interest rate borne by this Bond, except as the provisions set forth in the hereinafter referred to Bond Resolution with respect to redemption prior to maturity may become applicable hereto. Principal and redemption price of this Bond shall be payable at the principal corporate trust office of Zions First National Bank, of Salt Lake City, Utah, a paying agent of the Issuer, or its successor as such paying agent, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; and payment of the interest hereon shall be (i) made to the registered

owner hereof and shall be paid by check or draft mailed to the person who is the registered owner of record as of the close of business on the fifteenth day of the calendar month preceding each interest payment date (or if such fifteenth day is not a business day, the next preceding business day) at the address of such registered owner as it appears on the registration books of the Issuer maintained by the Trustee, or at such other address as is furnished in writing by such registered owner to the Trustee as provided in the Bond Resolution or (ii) made by wire transfer to such registered owner upon written notice by such owner to the Trustee given not less than 15 days prior to such interest payment date, subject to the provisions of the Bond Resolution.

This Bond is a special obligation of the Issuer and is one of the Water Revenue Bonds of the Issuer (the “*Bonds*”) and is issued under the provisions of the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended (the “*Act*”), for the purpose of financing part of the cost of acquiring and constructing a library-museum complex and related facilities and improvements, and paying the costs incurred in connection with the issuance and sale of the Bonds.

The Bonds are issued under the terms of the Master Resolution Providing for the Issuance of Water Revenue Bonds of the Issuer adopted on October 7, 2010 (the “*Master Resolution*”), and a Supplemental Resolution adopted on October 7, 2010 (the “*Supplemental Resolution*”), as the same may from time to time be amended or supplemented by further resolutions of the Issuer (such Master Resolution and Supplemental Resolution and any and all such further resolutions being herein collectively called the “*Bond Resolution*”).

The Issuer is obligated to pay principal, redemption price of, and interest on this Bond solely from the revenues of its water system (the “*Revenues*”) and other funds of the Issuer, as pledged therefor under the terms of the Bond Resolution. This Bond is not a debt of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness. Pursuant to the Bond Resolution, sufficient Revenues have been pledged and will be set aside into special funds by the Issuer to provide for the prompt payment of the principal of and interest on this Bond and all Bonds of the series of which it is a part.

As provided in the Resolution, Bonds may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Resolution, and the aggregate principal amount of Bonds which may be issued is not limited. All Bonds issued and to be issued under the Resolution and certain other obligations entered into or to be entered into by the Issuer under the Resolution are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Resolution.

This Bond is one of a total authorized issue of Bonds of \$1,536,000 (the “*Series 2010A Bonds*”) designated as “*Water Revenue Bonds, Series 2010A,*” dated as of the Issue Date, and duly issued under and by virtue of the Act and under and pursuant to the Bond Resolution. Copies of the Bond Resolution are on file at the office of the City Recorder of the City Council in Hyrum City, Utah, and at the principal corporate trust office of Zions First National Bank, of Salt Lake City, Utah, as trustee under the Resolution (said trustee and any successors thereto under the Bond Resolution being herein called the “*Trustee*”), and reference to the Bond

Resolution and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Series 2010A Bonds are issued and additional bonds and other obligations payable from the Revenues may be issued thereunder on a parity with the Series 2010A Bonds, and a statement of the rights, duties, immunities and obligations of the Issuer and of the Trustee. Such pledge and other obligations of the Issuer under the Bond Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provisions for the payment thereof on the terms and conditions set forth in the Bond Resolution.

To the extent and in the respects permitted by the Bond Resolution, it may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Bond Resolution.

This Bond is transferable, as provided in the Bond Resolution, only upon the books of the Issuer kept for that purpose at the principal corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in a form approved by the Trustee, duly executed by the registered owner or his duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered Series 2010A Bond or Bonds of the same aggregate principal amount, denominations, Series designation and maturity as the surrendered Series 2010A Bond, all as provided in the Bond Resolution and upon the payment of the charges therein prescribed. The Issuer, the Trustee, and any paying agent may treat and consider the person in whose name this Series 2010A Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever.

The Series 2010A Bonds are issuable in the form of fully-registered Bonds, without coupons, in the denomination of \$100,000 and any integral multiple thereof.

The Series 2010A Bonds are not subject to optional redemption prior to maturity without the Purchaser's written consent.

The Series 2010A Bonds shall be subject to redemption in part by operation of Sinking Fund Installments, at a Redemption Price equal to the principal amount of the Series 2010A Bonds or portion thereof to be redeemed, together with accrued interest to the date of redemption. The amounts and due dates of the Sinking Fund Installments for the Series 2010A Bonds are set forth in the following table:

JUNE 15 OF THE YEAR	AMOUNT
2011	\$97,000
2012	81,000
2013	84,000
2014	87,000
2015	90,000
2016	93,000
2017	97,000
2018	100,000
2019	104,000
2020	107,000
2021	111,000
2022	115,000
2023	119,000
2024	123,000
2025*	128,000

* Stated maturity.

This Bond and the issue of Series 2010A Bonds of which it is a part are issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Act and all other laws applicable thereto.

It is hereby certified and recited that all conditions, acts and things required by the constitution or statutes of the State of Utah or by the Act or the Bond Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Series 2010A Bond exist, have happened and have been performed and that the issue of the Series 2010A Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

Except as otherwise provided herein and unless the context clearly indicates otherwise, words and phrases used herein shall have the same meanings as such words and phrases in the Bond Resolution.

IN WITNESS WHEREOF, HYRUM CITY, UTAH, has caused this Bond to be signed in its name and on its behalf by the Mayor and its corporate seal to be impressed hereon, attested by the City Recorder, all as of the Issue Date specified above.

HYRUM CITY, UTAH

Mayor

COUNTERSIGN AND ATTEST:

City Recorder

[SEAL]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Water Revenue Bonds, Series 2010A, of Hyrum City, Utah.

Date of registration and authentication: _____.

_____,
as Trustee

By _____
Authorized Signature

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM	—	as tenants in common	UNIF TRAN MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfers to Minors Act of _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

[Empty box for Social Security or Other Identifying Number of Assignee]

Insert Social Security or Other Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of HYRUM CITY, UTAH, and hereby irrevocably constitutes and appoints _____ Attorney to register the transfer of said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____ Signature: _____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a “signature guarantee program” (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

ARTICLE V

THE TRUSTEE

Section 501. Appointment of Trustee. For the benefit and protection of the holders of the Series 2010A Bonds and any other Bonds hereafter issued pursuant to the Resolution, Zions First National Bank, having the powers of a trust company, doing business and having its corporate trust office in Salt Lake City, Utah, is hereby appointed as Trustee, Paying Agent and Transfer Agent. Zions First National Bank shall signify acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer a written acceptance thereof prior to the delivery of the Series 2010A Bonds.

ARTICLE VI

MISCELLANEOUS

Section 601. Tax Covenants. (a) In order to establish and preserve the tax-exempt status of the Series 2010A Bonds, the Chair and Clerk and other appropriate officials of the Issuer are hereby authorized and directed to execute such Tax Exemption Certificates as shall be necessary to establish that (i) the Series 2010A Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, (ii) the Series 2010A Bonds are not and will not become “private activity bonds” within the meaning of Section 141 of the Code, (iii) all applicable requirements of Section 149 of the Code are and will be met, (iv) the covenants of the Issuer contained in this Section will be complied with and (v) interest on the Series 2010A Bonds is not and will not become includible in gross income of the Owners thereof for federal income tax purposes under the Code and applicable regulations promulgated or proposed thereunder.

(b) The Issuer covenants and certifies to and for the benefit of the Owners from time to time of the Series 2010A Bonds that:

(i) the Issuer will at all times comply with the provisions of the Tax Exemption Certificate;

(ii) the Issuer will at all times comply with the rebate requirements contained in Section 148(f) of the Code, including, without limitation, the entering into any necessary rebate calculation agreement to provide for the calculations of amounts required to be rebated to the United States, the keeping of records necessary to enable such calculations to be made and the timely payment to the United States of all amounts, including any applicable penalties and interest, required to be rebated;

(iii) no use will be made of the proceeds of the Series 2010A Bonds or any funds or accounts of the Issuer that may be deemed to be proceeds of the Series 2010A Bonds pursuant to Section 148 of the Code and applicable regulations, which use, if it had been reasonably expected on the date of issuance of the Series 2010A Bonds, would

have caused the Series 2010A Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code;

(iv) the Issuer will not sell or dispose of water in such manner that such sale, disposition or use would cause the Series 2010A Bonds to be “private activity bonds” described in Section 141 of the Code;

(v) no tax-exempt bonds or other evidences of indebtedness of the Issuer have been or will be sold within a period beginning 15 days prior to the sale of the Series 2010A Bonds and ending 15 days following the delivery of the Series 2010A Bonds;

(vi) the Issuer will not take any action that would cause interest on the Series 2010A Bonds to be or to become ineligible for the exclusion from gross income of the Owners of the Series 2010A Bonds as provided in Section 103 of the Code, nor will the Issuer omit to take or cause to be taken, in timely manner, any action, which omission would cause interest on the Series 2010A Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Series 2010A Bonds as provided in Section 103 of the Code; and

(vii) the Issuer acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the Issuer is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

(c) Pursuant to these covenants, the Issuer obligates itself to comply throughout the term of the issue of the Series 2010A Bonds with the requirements of Section 103 of the Code and the regulations proposed or promulgated thereunder as they pertain to the Series 2010A Bonds or the Series 2010A Bonds.

Section 602. Designation of the Series 2010A Bonds as “Qualified Tax-Exempt Obligations”. The Issuer recognizes that Section 265(b)(3) of the Code provides that a “qualified tax-exempt obligation” (as therein defined) may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The Issuer hereby designates each of the Series 2010A Bonds that is outstanding from time to time as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Issuer certifies, represents, covenants, warrants and agrees that (a) none of the Series 2010A Bonds will be at any time a “private activity bond” (as defined in Section 141 of the Code), (b) as of the date of original issuance of the Series 2010A Bonds, the Issuer will not have issued any tax-exempt bonds in calendar year 2010 other than the Series 2010A Bonds, (c) the reasonably anticipated amount of tax-exempt bonds (other than “private activity bonds” that are not “qualified 501(c)(3) bonds”, as such terms are defined in Section 141 of the Code) that will be issued by the Issuer and subordinate entities thereof during calendar year 2010 (including the Series 2010A Bonds) does not exceed \$30,000,000 and (d) not more than \$30,000,000 of obligations (including the Series 2010A Bonds) issued by the Issuer during calendar year 2010 will be designated by the Issuer for purposes of Section 265(b)(3) of

the Code. As used in this Section 702, “*tax-exempt bonds*” means obligations of any kind the interest on which is not includible in the gross income of the owners thereof for purposes of federal income taxation. Terms used in this Section 702 that are not otherwise defined herein shall have the same meanings herein as in the provisions of the Code that relate to tax-exempt bonds.

Section 603. *Effective Date.* This Series 2010A Supplemental Resolution shall take effect immediately.

[discussing yield protection language requested by U.S. bank]

ADOPTED AND APPROVED this 7th day of October, 2010.

HYRUM CITY, UTAH

Mayor

ATTEST:

City Recorder

[SEAL]

STATE OF UTAH)
)
COUNTY OF CACHE)

I, Stephanie Fricke, the duly chosen, qualified and acting City Recorder of Hyrum City, Utah, do hereby certify that the foregoing resolution entitled “Supplemental Resolution Authorizing the Issuance and Sale of \$1,536,000 Water Revenue Bonds, Series 2010A,” was duly adopted by the City Council at a regular meeting held at the regular meeting place of the City Council, at 83 West Main Street, Hyrum City, Utah, on October 7, 2010, and became effective as of said date, that said resolution has been compared by me with the original thereof, recorded in the minute book of the City and that said resolution is a correct transcript of the whole thereof, and that said resolution has not been altered, amended or repealed but is in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of Hyrum City, Utah, this 7th day of October, 2010.

City Recorder

[SEAL]